

# Modern Slavery Statement **FY21**



**Beach Energy Limited**  
ABN 20 007 617 969  
ACN 007 617 969

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## About this statement

This statement sets out Beach's commitment and progress in the identification and elimination of modern slavery in its operations and supply chains. It is provided in accordance with the requirements of the *Modern Slavery Act 2018* (Cth).

This statement is approved by the Board of Beach Energy Limited.



# Letter from the Chairman



As a member of the Australian business community with a supply chain that spans much of the globe, it is important that Beach does its part to help stamp out modern slavery.

In line with the requirements of the Modern Slavery Act 2018 (Cth), this Modern Slavery Statement describes the actions Beach has undertaken over FY21 to strengthen our practices, policies and performance in this area. It outlines our continued effort to engage with our suppliers, identify modern slavery risks and enhance internal processes to mitigate these risks within our business operations and supply chain.

We recognise there is more work to be done. However, we have made big strides over the last two years which have laid the foundation and expectation for the conduct of Beach and our suppliers going forward.

We remain driven by our purpose to sustainably deliver energy for communities and as such are committed to continually improving our understanding and management of modern slavery risks within our operations and supply chains.

We value all feedback, so, as you read through this statement, I invite you to provide your thoughts and comments via [sustainability@beachenergy.com.au](mailto:sustainability@beachenergy.com.au).

A handwritten signature in blue ink, appearing to read 'G. Davis'.

**Glenn Davis**  
Chairman

22 December 2021



Otway Gas Plant, Victoria

# Our FY21 Achievements

In FY21, Beach continued to build on the work it commenced in FY20 with the aim to further strengthen our practices, systems and performance in relation to modern slavery risk management. Beach has made significant progress on the three-year Action Roadmap

defined in the FY20 statement, and is on track to meet all of the commitments set out in the roadmap by the end of 2022. Refer to Appendix A on **page 15** for an update on our progress against these actions.

## Beach's actions in FY21

- Included modern slavery considerations in our supplier engagement processes<sup>1</sup>;
- Improved Beach's tendering and onboarding process to include consideration of modern slavery risk;
- Developed and commenced distribution of the 'Beach Supplier Expectations'<sup>2</sup> document to educate suppliers about Beach's expectations in respect of modern slavery;
- Extended the Beach Modern Slavery Assessment Framework to additional supplier tiers;
- Further engaged and assessed Beach's Suppliers for potential modern slavery exposure (suppliers representing 94% of FY21 spend);
- Collaborated with suppliers and other organisations to share knowledge and best practices; and
- Developed key performance indicators to assess the impact of our actions on the risk of modern slavery in our supply chains.

<sup>1</sup> Suppliers now receive automatic requests for information based on their rapid screening assessment rating.  
<sup>2</sup> Referred to as a supplier code of conduct in Beach's FY20 Modern Slavery Statement.



*Onboard Ocean Onyx, Otway Basin, Victoria*

# The reporting entity

## Reporting Criteria 1

For the purposes of the Act, the reporting entity is Beach Energy Limited.

**Reporting Entity:**

Beach Energy Limited

**ACN:** 007 617 969

**Registered office:**

Level 8, 80 Flinders Street,  
Adelaide SA 5000.

This statement covers all entities under Beach Energy Limited's group structure (controlled entities). A list of these controlled entities is available under the heading 'Subsidiary Companies' on page 117 of [Beach's 2021 Annual Report](#). It does not cover our non-operated joint venture operations.



*Otway Gas Plant, Victoria*

# Our business structure, operations, and supply chain

## Reporting Criteria 2

### Our Business Structure and Operations

Beach is an ASX listed oil and gas exploration and production company headquartered in Adelaide, South Australia.

Founded in 1961, Beach has operated and non-operated, onshore and offshore, oil and natural gas production from five producing basins across Australia and New Zealand<sup>1</sup> and is a key supplier to the Australian east coast natural gas market. In addition to the producing assets, Beach has a suite of exploration permits across the onshore Cooper and Perth basins, onshore and offshore Otway Basin as well as offshore acreage in the Bonaparte (Australia) and Taranaki (New Zealand) basins. Beach's exploration and production activities are often conducted through joint arrangements governed by joint operating agreements.

<sup>1</sup> These include production facilities in the Cooper, Bass, Otway (SA & Victoria), Perth and Taranaki Basins.

<sup>2</sup> Includes international employees and excludes non-executive directors.

For more information on our operated and non-operated assets, refer to the [FY21 Annual Report](#) available on the company website.

Beach's operational activities include exploration, development, production and processing of hydrocarbons at our Australian and New Zealand assets. The infrastructure and activities associated with exploration and production operations typically comprises seismic surveys, development of access tracks, roads and drill pads, drilling well completions, testing, wellheads, processing facilities, pipelines, storage facilities, and accommodation facilities etc.

Beach is also planning to enter global LNG markets in H2 2023, when it will commence export of its share of LNG volumes from the Waitsia Gas Project Stage 2 in the Perth

Basin, operated by joint venture participant Mitsui E&P Australia (MEPAU).

In addition to providing energy to communities, Beach contributes to its local and regional communities through taxes, royalties, job creation, supporting local suppliers where possible and through investments in local infrastructure.

As of 30th June 2021, Beach had a total of 548<sup>2</sup> direct employees across Australia and New Zealand.

A list of Beach's controlled entities is available under the heading 'Subsidiary Companies' on page 117 of the FY21 Annual Report. All controlled entities operate under the direction and governance of Beach Energy Limited.



Cooper Basin, South Australia

# Asset Portfolio

Beach's five producing basins include the Cooper Basin, Bass Basin, Otway Basin (SA Otway and Victorian Otway), Perth Basin in Australia and the Taranaki Basin in New Zealand.

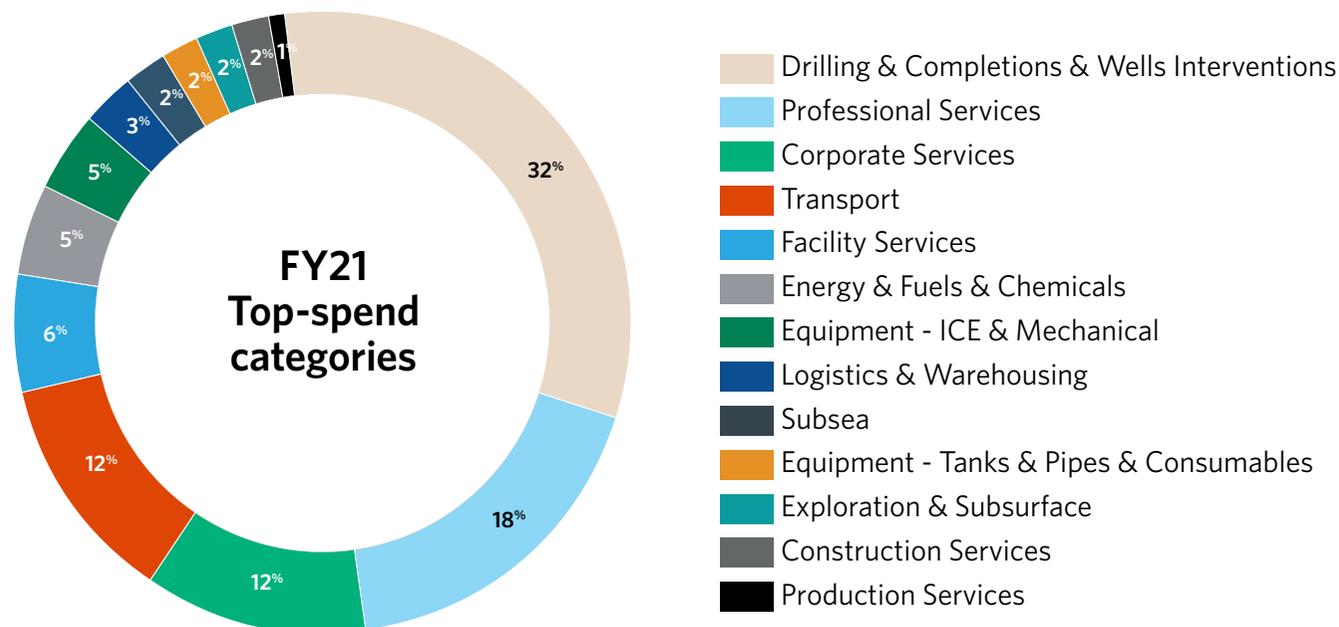


## Our Supply Chain

Beach continues to engage a diverse range of suppliers from established oil and gas companies to local family-owned businesses, located in Australia and other countries, for an array of goods and services.

In FY21, Beach had about 1,500 primary suppliers<sup>1</sup> across our assets with an aggregated spend of ~\$694m.<sup>2</sup> Our supply chain data in FY21 shows:

- 69.5% of spend was with suppliers directly based in Australia as compared to 74% in FY20;
- Engagement with suppliers in the United States has increased from ~11% in FY20 to over 15% in FY21;
- Beach entered into ~390 new contracts and had ~1314 active contracts; and
- Top-spend categories included activities such as drilling, completions and well intervention, professional services, and corporate services.



Primary Supplier Base in FY21	Spend Profile
Australia	69.5%
United States	15.6%
New Zealand	8.5%
Norway	2.1%
United Kingdom	2.1%
Singapore	1.9%
Japan	0.1%
Netherlands	0.1%
Other <sup>3</sup>	<0.1%

**Table 1** Supplier expenditure across countries

<sup>1</sup> Primary suppliers are suppliers directly engaged by Beach.

<sup>2</sup> Based on invoices paid from 1st July 2020 until 31st July 2021.

<sup>3</sup> Consolidated spend across Canada, Tanzania, Germany, India, France, Malaysia, Thailand, Italy, and Ireland was less than 0.1% of total spend.

Tier	Tier Description	Criteria for FY21 Supplier Engagement w/ Questionnaire
Tier 1	All suppliers with an aggregate annualised spend over AUD \$1 M	Suppliers who scored a 'High' potential exposure rating during Beach's FY20 engagement with Beach's Supplier Questionnaire, or Suppliers with FY21 spend between AUD\$0.25 to \$1M, previously unrated, and scored a 'Medium' or 'High' potential exposure rating in Beach's internal Rapid Risk Assessment.
Tier 2	Suppliers with an aggregate annualised spend between AUD \$500 K and AUD \$1 M	
Tier 3	Suppliers with an aggregate annualised spend between AUD \$250 K and AUD \$500 K	
Tier 4	Suppliers with an aggregate annualised spend over AUD \$100 K in top six higher-risk sub-categories which include Facility/Camp Management, IT, Marine, Engineering Services, Equipment and Wellsite Services etc.	Suppliers in top 6 high-risk sub-categories: <ol style="list-style-type: none"> <li>1. Facility/Camp Management</li> <li>2. IT</li> <li>3. Marine</li> <li>4. Engineering Services</li> <li>5. Equipment</li> <li>6. Wellsite Services</li> </ol>

**Table 2** Breakdown of supplier tiers by spend level

# Risks of modern slavery practices in our supply chains and operations

## Reporting Criteria 3

### Supply Chain Assessment

Beach's Modern Slavery Risk Framework, based on the four high-risk indicators (industry/category, entity risk, workplace conditions, and geographical locations)<sup>1</sup> govern the method of our supplier assessments. Selected suppliers are internally assessed against this framework in our Rapid Risk Assessment (a desktop assessment) to produce a preliminary rating of low, medium or high.

All Suppliers with a medium or high rating are then issued Beach's Modern Slavery Supplier Questionnaire (a deep dive against our framework) which is then actively assessed by our Contracts & Procurement team before a finalised rating is confirmed.

The Questionnaire requires suppliers to provide details about business structure, internal processes and policies, supply chain visibility (including secondary suppliers)<sup>2</sup>

locations), employee training, internal and external audit provision and employee entitlements. Supplier responses are then analysed internally for potential modern slavery risks in their operations and/or supply chain. Where required, Beach will then seek additional supporting information and clarification from the supplier.

Proactive due diligence and assurance activities are then established with these suppliers. Renewal of assessments are then completed as follows:

- Low rating – Rapid Risk Assessment within 2 years;
- Medium rating – detailed questionnaire within 2 years; and
- High rating – detailed questionnaire within 1 year.

In FY20, Beach engaged 90% of its top suppliers in its modern slavery risk assessment, 88.7% of those were

found to be high or medium risk after the Rapid Risk Assessment and therefore were subject to the more intensive Modern Slavery Supplier Questionnaire process. As a result of this process 8% of suppliers were classified as high risk.

In FY21, the improved implementation of Beach's processes resulted in less high-risk cases. More specifically, in 2021 Beach further engaged and assessed suppliers for potential modern slavery exposure (suppliers representing 94% of FY21 spend). Of these, 45.4% were found to be high or medium risk after the Rapid Risk Assessment. After the subsequent Modern Slavery Questionnaire, only one representing 2% of suppliers was identified as high risk.

<sup>1</sup> Beach has adopted, with minor changes to reflect its industry, the high-risk indicators from the Commonwealth Modern Slavery Act 2019: Guidance for Reporting Entities, Appendix 1, Table 6.

<sup>2</sup> Secondary suppliers: sub-suppliers of our primary suppliers.



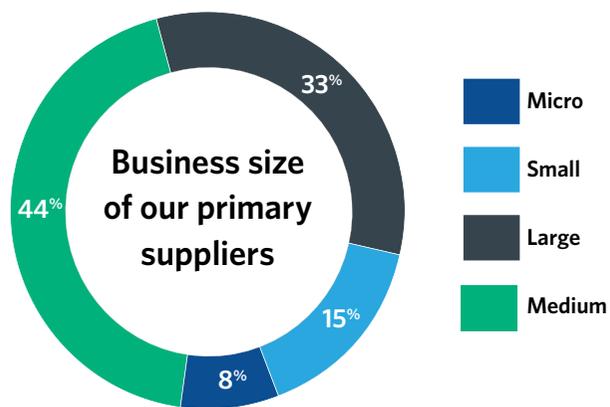
Cooper Basin, South Australia



Mount Taranaki, New Zealand

### Industry/Category

Certain sectors and industries may have high modern slavery risks because of their characteristics, products and processes. They may use unskilled or seasonal labour, outsourced labour or child labour. Beach works with suppliers of all sizes<sup>1</sup> and across a broad range of subcategories that employ both high and low-skilled labour. Large and medium-sized businesses have greater resources and more mature business processes whereas small and micro-sized businesses are less likely to have as robust processes.



<sup>1</sup> Australian Bureau of Statistics (ABS) defines business size by employee population as follows:

- Micro - 4 and under
- Small - 5-19 persons
- Medium - 20 - 199 persons
- Large - 200+ persons

Across our primary supplier base the vast majority of personnel were employed (82%), 16% were seasonal, contract workers and 2% were through labour broker and/or outsourced labour.

### Entity/Workplace Considerations

Our assessments conducted in FY20 and FY21 confirm that smaller suppliers typically do not have mature policies, assurance processes and procedures (in the context of modern slavery) to the same extent as large corporate entities. Through our assessment we have identified that 72% of Beach's supplier base (domestic and international) have mature processes in place to identify and manage modern slavery risk within their supply chains.

### In summary:

Approximately 60% of our supplier base provides some form of direct training to their employees on modern slavery. All large-scale suppliers of Beach provide training to their employees while ~40% of smaller businesses provide modern slavery related training to their employees.

In FY21, 81% of Beach's total assessed suppliers had a basic grievance process in their operations. All of our large-scale suppliers had grievance processes in place (see figure 1).

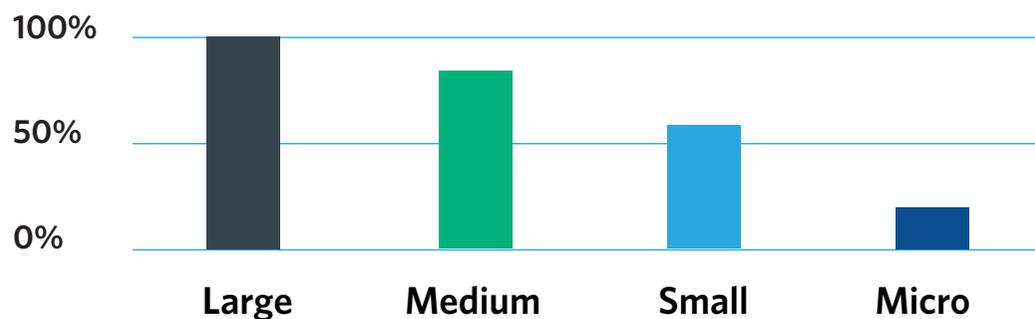
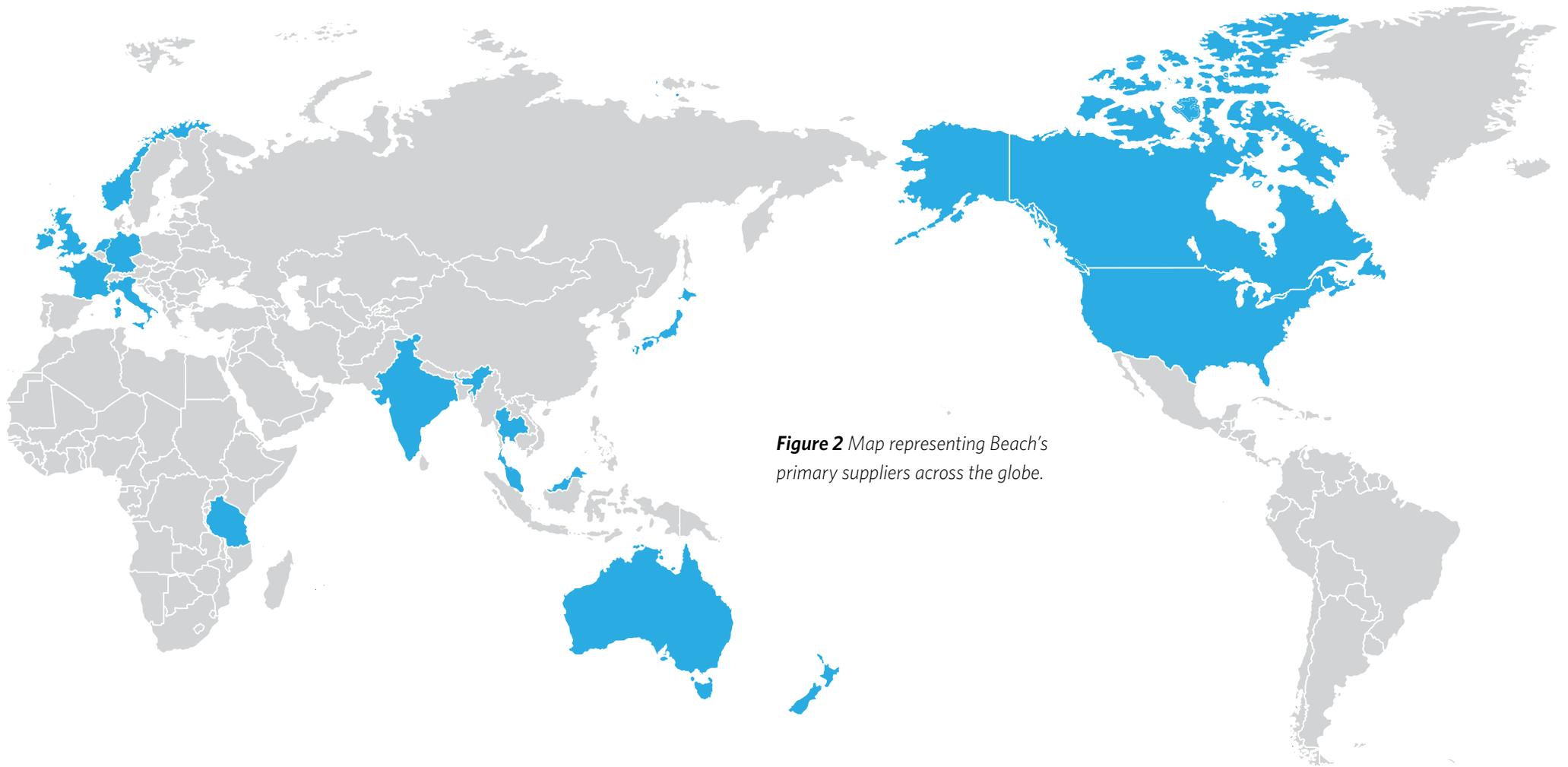


Figure 1 Supplier businesses with basic grievance process by size



**Figure 2** Map representing Beach's primary suppliers across the globe.

### Supply Chain Geography

Beach's suppliers are spread across 17 different countries globally that we directly procure from with majority of the primary suppliers (1194 out of 1497) located in Australia.

As per the Global Slavery Index (2018), modern slavery risks can vary depending on the country from which goods and services are procured. According to this Index, Australia, which is home to 69.5% of our spend, is considered to be a low-risk country for modern slavery. Around 30.4% of our spend is based in other low-risk countries such as the United States, New Zealand,

Norway, the United Kingdom, Singapore, Japan and the Netherlands. The remainder of Beach spend (0.1%) is spread across both low-risk countries such as Canada, Germany, France, Italy, Ireland and high-risk countries like Tanzania, India, Malaysia and Thailand.

Beach's spend in high-risk countries include legal and consultancy services in Tanzania, specialist engineering services in Malaysia and mechanical and industrial equipment from Thailand. Beach's cumulative spend across these high-risk countries is approximately 0.03% of spend in FY21.

### Operational Assessment

#### Our operations

As an upstream oil and gas company that employs highly skilled and professional employees and operates in low-risk countries Australia and New Zealand, Beach considers the risk exposure of modern slavery within its direct business operations to be low.

This assessment has not changed since our last Modern Slavery Statement published in March 2020 as there have not been significant changes in our operations which would alter the risk exposure for Beach.

# Actions we have taken to assess and address risks of modern slavery practices

## Reporting Criteria 4

In FY21, Beach maintained its focus on further understanding modern slavery risks in our supply chain, built internal capability, developed KPIs and conducted additional due diligence with suppliers with greater exposure to the risk of modern slavery in their supply chains.

### Due Diligence actions in our supply chain

#### Implementation of Beach's Supplier Expectation document

In addition to the inclusion of new modern slavery clauses in our contract precedents (achieved in 2020), this year we reviewed our key critical contracts and initiated variations to these contracts to include modern slavery clauses. Beach also rolled out our 'Beach Supplier Expectations'

document in FY21. This document sets out Beach's expectations relating to the supplier's management of modern slavery risks within their supply chains.

In FY21, Beach presented the Beach Supplier Expectations to all our key suppliers. The Supplier Expectations document is available on Beach's website.

#### [Beach Supplier Expectations.](#)

#### Procurement processes update

The consideration of modern slavery risk and its mitigation has been actively embedded in our procurement processes. Procurement process updates include:

- Screening new suppliers for modern slavery against Beach's Rapid Risk Assessment criteria - supplier

qualification process during tendering stage will evaluate modern slavery risk for all suppliers;

- Actively communicating Beach's Supplier Expectations in all kick-off meetings with suppliers;
- Issuing the questionnaire to suppliers identified by the Rapid Risk Assessment; and
- System-generated commencement of and automated renewal of supplier assessments (Rapid Risk Assessment and Beach's Modern Slavery Supplier Questionnaire).



Cooper Basin, South Australia



Cooper Basin, South Australia

## Due Diligence actions in our operations

### Governance update

Beach's [Human Rights Policy](#) and other related governance documents help improve employee awareness and compliance with our position on modern slavery and ethical conduct. In FY22, existing Beach governance documentation such as the Beach Code of Conduct, Sustainability Policy, Community and Stakeholder Engagement Policy and the Whistleblower Policy will be updated to reflect Beach's obligations under the *Modern Slavery Act 2018* (Cth).

### Training

Education and training are key to addressing the risk of modern slavery and Beach recognises the need to build the

capability of our personnel to help them identify, mitigate and remedy modern slavery risks within our supply chain and operations. In FY21, Beach commenced the process to include an online training module to be completed by all new starters. From FY22 onwards, all new starters, including contingent workers, will be required to complete the modern slavery training module as part of their induction process.

### Remediation

In addition to our processes to find and mitigate modern slavery in our supply chains and operations, Beach encourages all personnel to report instances, or suspected instances, of modern slavery.

Employees, contractors and third parties continue to have

access to mechanisms to help them raise grievances and report any concerns regarding modern slavery, human rights violations or other illegal conduct to their manager. There is also provision under the Beach [Whistleblower Policy](#) to make an anonymous report by a variety of means, including online via a third-party disclosure service which also offers disclosure through the STOP 247 smart phone app.

No modern slavery related grievances were received via any of the above-mentioned mechanisms in FY21. Where instances of modern slavery are reported, Beach will work with our stakeholders to remedy adverse human rights impacts.

# Assessing effectiveness of actions

## Reporting Criteria 5

This year, Beach established key performance indicators (KPIs) to track our performance and assess the quality and effectiveness of our actions in FY22. These KPIs include:

- Percentage of Tier 1, Tier 2, Tier 3 and Tier 4 suppliers assessed for modern slavery risk;
- Percentage of direct suppliers subject to enhanced risk assessment;
- Supplier audits in high-risk locations and/or subcategories; and
- All worker inductions to introduce employees to the topic of modern slavery.

# Consultation with Beach owned entities

## Reporting Criteria 6

This statement covers all entities under Beach Energy Limited's group structure. A list of all controlled entities is available under the heading 'Subsidiary Companies' on page 117 of Beach's [2021 Annual Report](#). These entities are covered by Beach's policies, procedures, standards and systems including those relating to C&P, Health and Safety and Human Resources. The controlled entities all operate under the direction and governance of Beach Energy Limited.

# Other information

## Reporting Criteria 7

### COVID related impact

Beach recognises the risk of modern slavery may be heightened by COVID-19. Beach continues to take action to support our personnel and suppliers in the mitigation of modern slavery and other business risk in FY21, by:

- Working with primary and secondary suppliers to ensure their workers (particularly in international manufacturing locations) have appropriate working conditions;
- Partnering with suppliers whose workforce were impacted by isolation requirements, facilitating targeted COVID-19 payments to ensure compensation while in isolation; and
- Partnering with small, local suppliers who faced significant economic impacts as a result of the market downturn, including, in some instances, modifying payment processes to support cashflow issues.



Otway Basin, Victoria

# Appendix A

## Modern Slavery Action Roadmap update

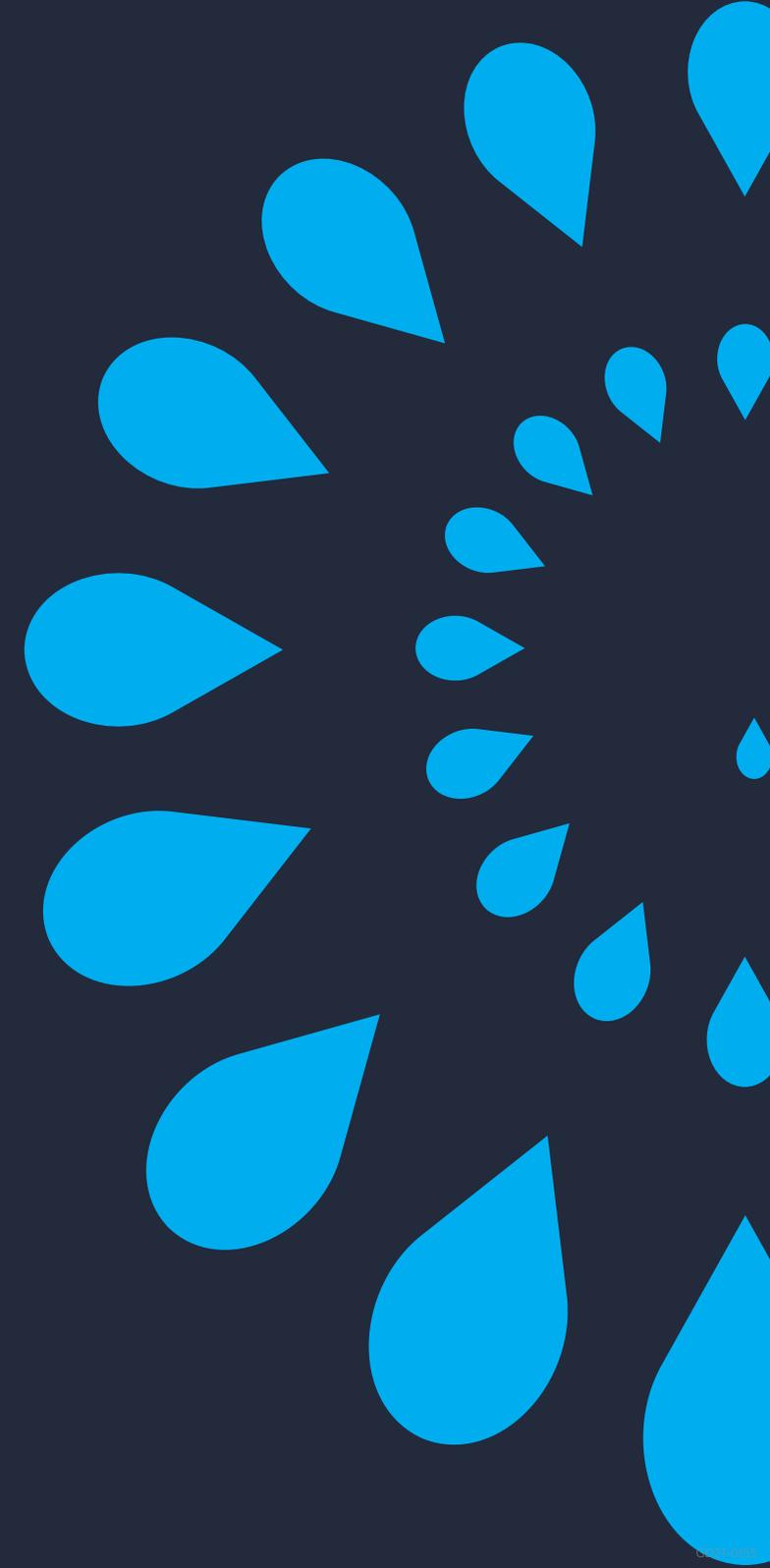
### Commitments made in 2020 Statement

Status update on outstanding actions to be completed by end of 2022.

### Current Status

Update governance documentation in relation to the Act	
Develop a supplier Code of Conduct (Beach Supplier Expectations), outlining expectations	
Implement Training modules	
Commence due diligence with medium /high-risk suppliers	
Develop remediation plans for suppliers with exposure to modern slavery	
Implement targeted assessment on subcategories where workplace conditions present greater potential of exposure (e.g. cleaning, security)	
Additional engagement with suppliers who did not respond to Beach's Modern Slavery Supplier Questionnaire	
Expand collaboration with industry peers as to trends and findings observed in their respective supply chains	
Implement modern slavery supply chain procedure including guidance to key suppliers with medium and high potential exposure, report and respond to incidents, establish monitoring practice for sub-categories with potential exposure	
Review internal procurement processes to ensure modern slavery programs are embedded in relation to new business activities	
Engage and assess the potential exposure of the remaining tier 2, and all tier 3 and tier 4 suppliers via the Beach Modern Slavery Supplier Questionnaire	
Formalise industry peer engagement to drive collaboration and develop industry benchmarks	
Establish goals, targets and key performance indicators for modern slavery management, including monitoring mechanisms and effectiveness of due diligence activities undertaken.	

 **Commenced**    **Achieved**    **Not commenced**



**beach**

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